

MICHIGAN COMMISSION OF AGRICULTURE AND RURAL DEVELOPMENT

**Constitution Hall
Atrium Level, Con-Con Conference Room
525 West Allegan Street
Lansing, Michigan 48933**

MEETING MINUTES MAY 10, 2017

PRESENT:

Dru Montri, Chair, Michigan Commission of Agriculture and Rural Development
Brian Pridgeon, Secretary, Michigan Commission of Agriculture and Rural Development
Trever Meachum, Past Chair, Michigan Commission of Agriculture and Rural Development
Diane Hanson, Past Chair, Michigan Commission of Agriculture and Rural Development
Jamie Clover Adams, Director, Michigan Department of Agriculture and Rural Development

ABSENT (EXCUSED):

Bob Kennedy, Vice Chair, Michigan Commission of Agriculture and Rural Development

CALL TO ORDER AND ROLL CALL

Chairperson Montri called the meeting of the Commission of Agriculture and Rural Development to order at 9:08 a.m. on May 10, 2017. Commissioner Pridgeon called the roll with Commissioners Hanson, Meachum, Montri, and Pridgeon, and Director Jamie Clover Adams present.

APPROVAL OF AGENDA

MOTION: COMMISSIONER MEACHUM MOVED TO APPROVE THE MEETING AGENDA FOR MAY 10, 2017. SECONDED BY COMMISSIONER HANSON. MOTION CARRIED.

APPROVAL OF MARCH 29, 2017, MEETING MINUTES

MOTION: COMMISSIONER PRIDGEON MOVED TO APPROVE THE MARCH 29, 2017, MEETING MINUTES. SECONDED BY COMMISSIONER HANSON. MOTION CARRIED.

NEXT SCHEDULED MEETING

The next scheduled meeting is Wednesday, July 19, to be held at AgroLiquid Fertilizers in St. Johns, Michigan.

COMMISSIONER COMMENTS AND TRAVEL

Commissioner Hanson advised weather in the Upper Peninsula (UP) has been unseasonably cold and wet. Farmers were just able to begin planting small grains last week, and hopefully, some corn will be in by the end of this week.

Dairy producers are concerned about low prices, as well as the situation with Canada and Wisconsin. There are 20 semi-loads of milk from lower Michigan transported

through the UP to Wisconsin daily. Forestry operations in the UP are also concerned about low prices affecting their industry.

Commissioner Meachum accompanied the Director last month for the Michigan Food and Beverage Board of Directors meeting held in Detroit.

Weather has been an issue in the southwest area of the state. The early spring followed by cold and wet weather caused delays in planting and tillage, and producers are now working 20-hour days to hopefully get back on schedule. The state experienced frost events last Sunday and Monday nights, causing significant fruit injury, the extent of which is still being assessed. In southwest Michigan, juice grapes, sweet cherries, and plums took an extremely hard hit, and apples were affected statewide. Worst affected was the asparagus industry. That crop was just beginning to come up, everything dies when frozen, and the plants need to start over. We are building a great fresh market in Michigan for asparagus and when a statewide frost event affects that crop, the markets are forced to look elsewhere.

The Director noted it is not clear whether producers would even have had labor to pick the asparagus crop. Commissioner Meachum concurred; there is a statewide labor shortage complicated by timeliness issues with H2A applications processed by the federal government. The entire agriculture industry is very nervous about the labor situation, as well as other industries needing workers. Laborers are learning they can earn higher wages in some non-agriculture jobs, which puts an additional financial crunch on producers. Commissioner Montri asked if there were conversations at the federal level on solutions or recommendations. Commissioner Meachum advised this would be a good question for Farm Bureau, and noted agriculture coalitions and the National Council of Agriculture Employers have been conducting weekly conversations. People are sympathetic; however, the new administration has allocated \$150 million for additional enforcement actions, which could equate to more ICE (Immigration and Customs Enforcement) raids, complicating the situation even further. He is concerned about having adequate labor for his operations and doesn't know a grower in the state who does not feel the same. Our administrations over the past 50-60 years have led us into this situation and it is difficult to make the correct policy changes needed, and to accomplish them overnight.

Commissioner Pridgeon had the opportunity to attend the open house event at Dale Norton's operation in Branch County and to observe progress on the pork livestock facility being constructed there. A good collection of farmers and the community attended, with nearly 700 people touring and hearing agriculture's story.

Clemens Food Group continues to hire for their pork processing facility in Coldwater, on which construction is progressing well.

In the southcentral part of the state, producers are working hard to plant their crops.

Commissioner Montri is dealing with cold and wet conditions on their farm as well. Their first major harvest will be Thursday and they will begin selling at the farmers market with asparagus, greens, and chives. Summer planting has also begun.

She was recently invited to join the Michigan State University (MSU) 'Our Table.Food @ MSU' Advisory Board, which is a new initiative led by the MSU College of Agriculture and Natural Resources to bring people around a table to hold community conversations about food and the innovation that is occurring at MSU across the spectrum in agriculture. The first meeting will be held May 23.

The end of May, she will be traveling with Colleen Matts, from the MSU Center for Regional Food Systems, to the Childhood Obesity Conference in San Diego. They will be presenting on the Farm to School and Hoophouses for Health programs. She will also be attending the National Community Development Society conference in Montana in mid-June to share information about Farmers Market Metrics, about which the Commission will hear later in the meeting today. She hopes to also visit Commissioner Hanson while in the UP this summer.

Commissioners Hanson, Meachum, Montri, and Pridgeon traveled to attend today's meeting. There was no other travel submitted for approval.

MOTION: COMMISSIONER MEACHUM MOVED TO APPROVE THE COMMISSIONERS' TRAVEL. SECONDED BY COMMISSIONER PRIDGEON. MOTION CARRIED.

COMMISSIONER ISSUES

There were no issues beyond those already discussed.

DIRECTOR'S REPORT

Director Clover Adams advised she submitted comments and attended the Farm Bill Hearing held in Frankenmuth on Saturday. The commodity groups met with Senators Roberts and Stabenow for breakfast, which provided an opportunity for them to share their key issues for the Farm Bill. Two panels comprised the hearing itself, which allowed people to understand the depth and breadth of the Farm Bill. Her comments focused on importance of the Market Access Program, including highlights from companies that have benefited from the program; the Specialty Crop Block Grant program and its importance to those producers; and various conservation programs. She also requested an animal disease program to include a vaccine laboratory and means for responding to animal disease that provides a long-term strategy rather than merely indemnity and destruction of animals; although, there may not be sufficient funding to support this \$150 million program. She also emphasized support for crop insurance and the potential of an insurance program covering labor. When the grower has done everything he should, ICE visits, and his labor leaves as a result, there should be an insurance product subsidized by the federal government. She will be conducting further research to determine if such a product could be developed.

This weekend, Michigan is hosting the National Conference of Interstate Milk Shippers, during which the dairy industry will conduct a biannual update of the Pasteurized Milk Ordinance (PMO), which contains the rules for Grade A milk. She will be giving welcoming comments on Sunday morning. Issues of interest for her during the conference are how the PMO will align with the Food Safety Modernization Act (FSMA)

and how robotics will be addressed. There is considerable automation in the dairy industry and we need to reach a point where we are not holding the robot to a higher standard than its human counterpart, which creates a barrier for that automation.

The Rural Development Fund Board will meet in Mackinaw City on May 17 and Jason Allen will cover that meeting on her behalf. They will be receiving presentations from current grantees and begin gathering information for their fall meeting, during which the grant criteria will be discussed.

As raised by Commissioner Hanson, she has been involved in the Canadian dairy issues for over 18 months through the National Association of State Departments of Agriculture (NASDA) and the Tri-National Accord. The Canadians created another class of milk that discriminates against U.S. milk. We have not yet observed an impact on our milk shipments into Wisconsin. Her colleague in Wisconsin advised they obtained homes for most of the milk and may have now done so for the last five farms. It will be a significant issue moving forward and presents a prime example of why the North American Free Trade Agreement (NAFTA) needs modernization.

PUBLIC COMMENT (AGENDA ITEMS ONLY)

There was no public comment relative to agenda items.

COMMISSION POLICY MANUAL: Gordon Wenk, Chief Deputy Director

Mr. Wenk reported the required biannual review of the Commission Policy Manual has been completed. Director of Legal Affairs Brad Deacon has reviewed and recommended three minor changes. The first would add language to the Legislative, Legal, and Media Issues Section on page 11 stating, "The Commission shall occasionally be required to meet legislative obligations as included in the Appropriations Boilerplate Language." An example is when the Commission is asked to approve Food and Agriculture Investment Fund requests, a requirement delineated in the Boilerplate.

On page 30, in the Right to Farm Program Policy, under Annual Review of GAAMPs (Generally Accepted Agricultural and Management Practices), it is recommended to change "the Commission" to "review" in item d); and to change item e) to read, "MDARD (Michigan Department of Agriculture and Rural Development) will conduct a Public Input meeting to receive additional comments on the GAAMPs; input is provided to the Advisory Committee Chairperson for Committee consideration." This is more reflective of how the Commission is actually operating.

In the Enforcement Policy, it is recommended to add a bullet under the various factors to be considered to read, "Length of time the requirement has been in effect." The department uses a progressive enforcement process and this provision will provide for additional consideration of regulations for producers.

In response to inquiry from Commissioner Meachum, Mr. Wenk confirmed the attachments provided are part of the Commission Policy Manual itself, in that several areas in the policy refer to those various applicable statutes and executive orders.

MOTION: COMMISSIONER MEACHUM MOVED TO APPROVE THE RECOMMENDED REVISIONS TO THE COMMISSION POLICY MANUAL AS PRESENTED. SECONDED BY COMMISSIONER PRIDGEON. MOTION CARRIED.

MICHIGAN AGRICULTURE ENVIRONMENTAL ASSURANCE PROGRAM (MAEAP) STANDARDS – INTRODUCTION OF PROPOSED REVISIONS: Jim Johnson, Division Director, and Joe Kelpinski, MAEAP Manager

Mr. Johnson distributed to the Commission binders containing the proposed MAEAP Standards revisions for this year. The Commission has the statutory responsibility to annually approve this set of standards, changes for which are being introduced today for review, with consideration for approval presented during the July Commission meeting.

Mr. Kelpinski advised the first item under each system tab is a document summarizing changes the Systems Committees requested for this year, highlighted by standards numbers, section numbers, and educational question numbers. The next page in each shows how those are laid out in the documents themselves. The current document is also provided to allow comparison of the wording changes.

With this being the seventh year for the standards review process, the recommended changes this year primarily are not significant. Again, language is changed to provide consistency, particularly in the Cropping System because it contains multiple risk documents. There was one somewhat significant change in the Livestock System, reflecting a change in the Site Selection GAAMP this year, which affected the question related to farms conducting self-verification.

The only other major changes are in the Forest, Wetlands, and Habitat System. This is only the second year for this system and because the original document was developed by foresters, it was very forest centric. The committee completed a tremendous amount of work this year to consider the wetlands and habitat document, as well as bringing it into a more comprehensive, user-friendly format.

In response to inquiries from Commissioner Montri, Mr. Kelpinski advised, in just its first year, there were 92 verifications in the Forest, Wetlands, and Habitat System, and there is a tremendous demand for it amongst landowners. Relative to environmentally friendly disposal of farm plastics, the department is exploring joint options with the Michigan Department of Environmental Quality for recycling those products, as well as storage options that can be problematic. Commissioner Montri asked the department to advise her of any resources, as she is aware of several small to mid-sized producers interested in utilizing plastic mulch. Commissioner Meachum advised his experimentation with biodegradable barrier material has been disappointing.

If Commissioners have any questions over the next two months as they review the standards, please feel free to contact Mr. Kelpinski for clarification. The Commission will be asked to approve the standards during their July meeting.

MICHIGAN FARMERS MARKET INDUSTRY: Amanda Shreve, Program Director, Michigan Farmers Market Association (MIFMA)

Ms. Shreve reported there has been a significant increase in the number of Michigan farmers markets in recent years, from less than 100 in 2001 to the current 300 markets spanning across the entire state. Markets vary in size, stakeholders, and variety of products. A map on their website at mifma.org depicts the location of each of those markets, which can be searched by city, county, or day of the week they are open. This page alone receives over 40,000 hits annually and individual pages for each market bring another 50,000 hits, clearly demonstrating the consumer demand for farmers markets.

With the exceptional growth in recent history, a large number of markets are very young, with almost 80 percent being less than 10 years old – a time when they need the most business development and support through resources, training, and technical assistance. In response to inquiry from the Director, Ms. Shreve confirmed the total number of markets has remained about the same over the last five years, depicting the fluctuation in opening and closing of markets and resulting in this relatively young industry.

Farmers markets offer a wide array of benefits. On a local basis, they foster community development and shape growth, reinvigorate low-income areas, create active public space, support food access, especially to healthy fruits and vegetables, and strengthen communities. They are places for programming, training, and education in an atmosphere that fosters community. From a broader perspective, they also are central to strong regional food systems, promote farm vitality, protect farmland and greenspace, and provide economic opportunity to Michigan's citizens.

Based on the 2012 Agriculture Census, there are over 6,300 Michigan farms engaged in direct marketing, representing \$58.8 million worth of direct to consumer agricultural sales. Farmers that sell at farmers markets include conventional, organic, small to mid-size, diversified, and those focused on specialty crops and value-added products.

Each farmers market is unique and most successful when reflective of their community. Successful farmers markets often share commonalities, including they operate with clear, comprehensive, and fair market policies; highlight local farms and local businesses; develop strong community partnerships; provide a community gathering place; accept community feedback; are inclusive; and measure impacts.

Farmers markets can differ in management structure and market policies, vendor requirements, vendor fees, vendor and product mix, customer mix, atmosphere and special events, and participation in food assistance programs. Michigan farmers markets create increased food access within their communities and this is one of the ways our industry in Michigan has become a national leader in farmers market work.

Farmers markets are a conduit for increasing food access through participation in various programs and payment structures including Supplemental Nutrition Assistance Program (SNAP)/Food Assistance Program (formerly Food Stamps) through the SNAP Bridge Card. Others include Double Up Food Bucks, which matches SNAP dollars spent at farmers markets for additional fruits and vegetables. Two voucher-based programs in Michigan are the Farmers Market Nutrition Program (FMNP) for Women,

Infants, and Children (WIC) families and Senior FMNP/Market Fresh. Others include Hoophouses for Health and Prescription for Health programs. Markets can participate in any or all of these programs as a means of increasing food access in their communities.

Since 2006, when their association began, increasing food access has been integral to MIFMA's vision. One way to achieve that in advance is by increasing the number of farmers markets that accept SNAP. In 2006, there were just three markets accepting these electronic benefits, and last year, there were over 160. Although there is great success to celebrate, there remains considerable opportunity to increase access and MIFMA invests considerable time and resources in helping markets to do so.

Those efforts have real results, making Michigan leaders, both in the region and nationally in SNAP acceptance at farmers markets. The state has seen over \$1 million in SNAP benefits spent at farmers markets over the last five years. These are federal food assistance dollars going directly to the farmers. Michigan ranks fourth nationally in both number of farmers markets authorized to accept SNAP and the dollar value of benefits spent. The Governor joined MIFMA in celebrating those facts through his Health and Wellness Dashboard, where he is tracking food stamp sales at Michigan's farmers markets as an indicator of healthy communities.

Hoophouses for Health is a program designed and implemented by a collaboration between the Michigan State University (MSU) Center for Regional Food Systems, MSU Department of Horticulture, and MIFMA. The program supports Michigan farmers seeking to expand their season extension capacity. Families get access to fresh, healthy, Michigan foods, and farmers get a new hoophouse through a zero-interest, five-year "loan" that they pay back in produce instead of cash.

MIFMA is a statewide, member-driven organization with the mission to advance farmers markets to create a thriving marketplace for local food and farm products. Its vision places farmers markets at the forefront of the local food movement and works to ensure all residents have access to healthy, locally grown food, and that Michigan farmers markets receive policy support. Membership types include friends, students, farmers markets, farmers, and vendors. Membership benefits are promotion, providing a policy voice, reduced rates on liability insurance and professional development events, training and technical assistance, fees for service work, voting privileges, and Small Business Association of Michigan (SBAM) membership.

Three most visible programs demonstrate the support provided by MIFMA. The first of its kind, the MIFMA Farmers Market Manager Certificate Program (MMCP) is a voluntary, comprehensive program designed to encourage farmers market managers to pursue leadership skills and professional development topics essential to market management. Since 2011, 239 market managers have become certified in Michigan, and through partnerships, in Illinois, Indiana, Wisconsin, and Pennsylvania. This program continues to grow and is supporting new market managers by giving them the foundation they need to be successful.

They also hold the Michigan Farmers Market Conference, which is a two-day event held annually during MSU's Agriculture and Natural Resources (ANR) week. It features three

tracks led by experts in farmers market management and agriculture: (1) Market Manager Boot Camp track designed for beginning market managers; (2) Advanced Track for managers who are looking for specialized information; and (3) Farmer/Vendor Track designed for farmers and small business owners who direct-market through farmers markets. Features include breakout sessions, roundtable discussions, and networking opportunities.

Because they recognize the value of peer-to-peer learning, the Market Manager Mentorship Program pairs an experienced market manager with a beginning manager in a one-on-one relationship that supports new market managers and market managers new to accepting SNAP. The program includes site visits and monthly conference calls to provide networking opportunities.

Annual farmers market events at the Capitol are a very visual demonstration of all that farmers markets can achieve. This year, will be held on the east lawn of the Capitol, rain or shine, from 10:00 a.m. to 3:00 p.m. on July 27, August 24, and September 21.

Additional tools and information are available on MIFMA's website at www.mifma.org.

ECONOMIC CONTRIBUTION AND FARMERS MARKET SHARED MEASUREMENT PORTAL: Michelle Gagliardi, Special Projects Associate, Michigan Farmers Market Association

Ms. Gagliardi emphasized MIFMA's long-term vision is to obtain strong farmers market data that can drive strong farmers markets. The net economic impact of farmers markets in Michigan is currently unknown and there was considerable interest in shared measurement at a statewide level to inform promotion and advocacy.

In November 2015, MIFMA received a United States Department of Agriculture (USDA) Rural Business Development grant to fund measurement of the economic impact of Michigan farmers markets. Six farmers markets in five rural communities are included in the 2016 pilot project and include Marquette, Menominee, Port Huron, Traverse City, and Boyne City. The pilot will benefit participating communities by giving farmers markets data to inform future decisions.

Tools incorporated in this project include a market profile, vendor profile survey, vendor weekly sales slips, visitor count logs, two excel workbooks (master data and vendor sales), visitor/customer survey, and year-end vendor survey. This was all documented in two large, very cumbersome Excel workbooks, including a master data workbook that market managers were in an out of on a weekly basis and a vendor sales workbook.

As an example, she reviewed data gathered from the Downtown Marquette Farmers Market. In their short 29-day season, data indicated the average 32 vendors there each week served an average of 1,640 customers each day. They accepted seven types of currency, offered 52 SNAP eligible goods, and employed 167 people. Visitor and sales information collected indicated 68 percent planned to do additional shopping, eating, or other activities while there, continuing to put their dollars back into the community, and, a good portion of those were from out-of-state visitors.

The 2017 launch of the Michigan Farmers Market Metrics Portal will offer numerous benefits, including operationalizing data collection and partnering with the Farmers Market Coalition. And, market managers will have access to their data to help promote markets, increase vendor numbers, access future funding opportunities, and raise community awareness. A snapshot of the network portal and portal data for the Downtown Marquette Farmers Market were reviewed. The portal does a great job of depicting the data in a visual way that is not only pleasing, but easy to understand. Each market will be able to have this tool with data captured more quickly in real time.

The Metrics Portal will also aggregate data statewide, provide reports to funders, and provide an understanding of the scope of Michigan farmers markets, including jobs, tourism, agriculture, food assistance, and economic impact. Future goals of the portal are to efficiently measure impacts of all Michigan farmers markets, standardize a method for collecting data, provide a common place to maintain market data, and influence policy.

This work would not be possible without their partners, which include MDARD and the department's Peter Anastor, who sits on MIFMA's Economic Advisory Committee, the Farmers Market Coalition, Growing Hope, MSU Center for Economic Analysis, MSU Center for Regional Food Systems, MSU Extension, Fair Food Network, and the six pilot farmers markets. In response to question from the Director, Ms. Gagliardi advised this portal was obtained through the Farmers Market Coalition (the national organization) and it is also being used by several other states.

In response to inquiry from the Director, Ms. Gagliardi noted there are a greater number of market managers over 35 years of age; however, surveys indicate a growing number of younger people are entering the agriculture industry. The goal of the new portal is to create a very user-friendly data collection system for market managers of all ages, making it something they will want to do.

Relative to the portal dashboard example, in response to question from Commissioner Meachum, Ms. Gagliardi explained there currently are only four vendors in that profile, thus affecting appearance of that visual.

RECESS AND RECONVENE

Chairperson Montri recessed the meeting at 10:20 a.m. for a brief break. She reconvened the meeting at 10:35 a.m.

HEALTHY KIDS, HEALTHY MICHIGAN: Justin Fast, Social Initiatives Specialist, Michigan Fitness Foundation

Mr. Fast advised he also serves as co-chair of the Healthy Food Access Policy Action Team for Healthy Kids, Healthy Michigan, which is a broad, diverse coalition of advocates from across various sectors who focus on improving childhood health and well-being with a focus on preventing diet-related chronic diseases, such as obesity.

This year, their specific Policy Action Team has identified 15 policy interest areas. They currently are actively pursuing policy change on three of those. The first is supporting the Michigan Healthy Food Access Campaign, which is a \$6.5 million budget ask to

increase healthy food access in underserved areas of the state. Most recently, House Bill 4207 is focusing on establishing corner stores and healthy grocery stores in underserved areas in the state. For anyone interested, there is a comprehensive report called "Food for Every Child" accessible online.

The Director asked how the \$6.5 million additional funding requested fits with the funding Michigan received from the \$30 million designated in the Farm Bill, because it seems there are federal resources for this area. Mr. Fast advised this is a public/private partnership that includes funding from multiple sources, which is separate and more specifically earmarked to retailers in neighborhoods lacking those retailers. The big challenge lies in communities without grocery stores, as it is difficult to access capital – those beginning small businesses are from the same communities that are lacking access to the produce to begin with, and this is specifically targeting those new businesses, healthy food items, and disenfranchised communities. Other Farm Bill resources may target similar areas, but more broadly and geared toward different goals.

The second priority area is the Ten Cents a Meal Program for school meals. The goal being to expand that pilot to additional prosperity regions statewide. Ms. Golzynski will speak about that program in much more depth later in the agenda. The program helps Michigan schools purchase fruits, vegetables, and dried beans from their local area in a way that not only efficiently utilizes incentive dollars, but also creates and sustains relationships.

The third focus is ensuring access to no-cost Electronic Benefit Transfer (EBT) machines for all farmers markets and direct marketing farmers in Michigan. By way of context, one in four Michigan children participate in SNAP and about 40 percent of all SNAP participants in Michigan are children. Numerous children in the state are eating from that specific federal program, which brought in \$2.2 billion to Michigan – a considerable market potential for Michigan growers. One of the best ways to proactively keep kids healthy is to help their families spend those benefits on Michigan grown and raised healthy foods.

By way of example, in 2013, the Michigan Fitness Foundation and its partners provided SNAP nutrition education to nearly four million Michiganders and that increased consumption of fruits and vegetables by 760,000 cups per day, accounting for \$140 million dollars of fruit and vegetable spending statewide. By combining increased access to those products and educating and equipping people to confidently purchase and prepare them, you have a perfect match.

Low income families still need a place to spend those dollars. Farmers markets are 300 strong in Michigan, about 160 accept SNAP, but 65 of those markets currently utilize wireless devices they need to pay for. We want to ensure farmers markets and the families that shop there have easy access to EBT. The dollars exist, we want them to reach Michigan farmers. Through the state EBT contract, Michigan does provide hardwired devices to farmers markets and direct marketing farmers; yet, the majority don't have access to the telephone lines or electricity required. To obtain that, they must purchase, lease, or rent and actually pay all of the fees associated with transactions –

and many struggle to do that. Grant funding, although helpful, it not a long-term solution to help families and markets access those resources.

Acknowledging that need, in August 2016, USDA Food and Nutrition Service authorized states to cover the costs of equipment and transaction fees and to split that 50-50 between the federal government and the states. The \$500,000 cost to cover the remainder of the three-year contract for Michigan's 250 devices would only cost the state \$125,000 to help markets better access SNAP dollars, which is a reasonable investment, and one that 18 other states have adopted. The fiscal year 2018 Senate budget for the Department of Health and Human Services does include a placeholder to provide that funding.

Healthy Kids, Healthy Michigan and the Healthy Food Access Policy Action Team specifically urge the state to allow the guidance to incorporate an amendment to the current EBT contract. Those free EBT devices for farmers markets and direct marketing farmers and removal of the fees would go leaps and bounds toward increasing access among low income families, improve their health and nutrition, and grow markets for Michigan products.

In response to question from Commissioner Meachum and the Director, Mr. Fast advised the initial cost of a wireless device can range from \$300 to \$2,000, but in this particular case, they are talking about paying for the initial device and all of the associated fees for the length of the contract. The cost of the amendment is \$500,000 for the remainder of the current contract, with the intention that when the contract is renewed, that vision would already be there and receive ongoing support from state dollars for the 50-50 costs. Commissioner Montri clarified, in farmers markets situations, the costs are absorbed by the markets. Some markets are passing some of the fee costs on to established farmers. Mr. Fast summarized it is a direct investment in new and disenfranchised farmers, as well as the families on which Healthy Kids, Healthy Michigan focuses on supporting. It is a win-win situation, but still an investment, which is why they are asking the department and Commission to support the amendment.

Commissioner Montri noted funding for the Double Up Food Bucks, a SNAP incentive program in Michigan, is currently in the MDARD budget and it is focused on ensuring that incentive goes to Michigan-grown fruits and vegetables. For SNAP incentive programs to work, you also need direct market farmers being able to accept SNAP. While separate requests, there clearly is an interrelationship between them.

MICHIGAN FARM TO SCHOOL: Colleen Matts, Farm to School Specialist, Center for Regional Food Systems, Michigan State University

Ms. Matts noted across Michigan, many people are working on different aspects of our food system. The Center for Regional Food Systems (CRFS) helps bring people together by convening and coordinating across networks. They provide webinars, meetings, workshops, conferences, listservs, and shared measurement data.

Various network development efforts on which CRFS has been focusing include the Food Hub, Meat, Local Food Council, and Farm to Institution Networks – all working toward advancing goals of the Michigan Good Food Charter. The Charter has numerous

goals and priorities set for the year 2020, which are coming up more quickly than imagined.

She is co-lead of the Farm to School network, which is working toward the goal of institutions purchasing 20 percent of their food products from Michigan sources by the year 2020. These are those institutions that have food service programs and are serving Michiganders throughout their lifetime – early childhood programs, K-12 schools, hospitals, colleges and universities, and senior care and living facilities.

She is Michigan's core partner with the National Farm to School Network, and Michigan has supporting partners that include MDARD, the Michigan Department of Education (MDE), MSU Extension, and the Groundwork Center for Resilient Communities. Education, procurement, and school gardens are the three core elements of Farm to School as defined by the national network. Farm to School fits into the niche of procurement and focuses on increasing children's access to local, healthy foods. Their work includes education, training, technical assistance, relationship development, and value chain coordination to ensure schools that want to purchase locally have sources to do so.

Michigan school food service directors' interest and participation in Farm to School from CRFS surveys indicates a constant level of interest of over 80 percent and growth in activity from 10 percent in 2004 to over 50 percent in 2014. Through support from partners and champions, they are beginning to close that gap from interest to activity and make farm to school the norm in Michigan schools.

MDE tracks local food purchasing activity and food sources through electronic applications. Over 54 percent of Michigan school food service directors, which is 470 out of 878, purchased local foods in 2014. Suppliers included food hubs, farm cooperatives, local farms, grocery/farm markets, federal food programs, and broadline distributors as the largest supplier. There clearly is opportunity for farmers to assume some of that market share currently held by broadline distributors.

The Director asked if schools are buying Michigan products through Cisco and Gordon Food Service, what is the reasoning for wanting to shift that to some other source. Ms. Matts advised it can be both; they are working to support local food moving through all distribution channels and actively working with Gordon Food Service to increase their Michigan products availability and labeling of those products to assist in tracking to indicate Michigan products. They are working in all areas to move more local food through all those channels. On the farmer side, it simply shows the opportunity that exists with Michigan's 900 school districts and over 9,000 early child care programs.

Since 2011, they have been operating a Michigan Farm to School Grant Program, funding for which is provided by the W.K. Kellogg Foundation. Grants awarded aim to increase the number and expand the breadth of programs that offer local foods in Michigan schools and early childhood programs. At this point, over \$200,000 in grants have been distributed in over 110 grants to school food service directors and early child care program providers to help prepare them to buy local foods. The program also partners with the Hoophouses for Health Program to build relationships with institutional

marketing. Beyond the three-year grant program, schools are able to build that marketing into the standard cost structure of their food service programs, representing a network of buyers ready for Michigan farmers.

Their goal is to make healthy, green, fair, and affordable food available to all Michiganders, including, most importantly, our most vulnerable children.

TEN CENTS A MEAL PROGRAM: Diane Golzynski, Assistant Director, Child Nutrition Programs and Interim State Child Nutrition Director, Michigan Department of Education

Ms. Golzynski reported she manages the School Lunch, School Breakfast, Summer Food, Child Care Food, Household, and Commodity Supplemental Food Assistance Programs. All these food programs are federal entitlement programs – if the meal is served following FDA's rules, that agency can receive reimbursement for that meal. Before this pilot, no state dollars went into those programs, and they are very excited to have state support for school meal programs to serve local produce.

Offered last year, this pilot provided \$250,000 to encourage local produce in school meal programs. MDE asks school food service directors to triage their purchases, and where they can, purchase Michigan first because we want to support Michigan farmers.

She shared copies of MDE's Legislative Report that outlines the status of the program. More than 50 districts applied to participate, and if they were to have fully funded each chosen district, they could have funded only four. They decided instead to fair share the amount to involve as many districts as possible. Sixteen districts are participating as legislatively required in the Governor's Prosperity Regions 2 and 4, which is the westside of the mitten. Approximately 48,000 students attend those districts that include a wide variety of district size to provide the most useful data. Ms. Matts group is working with them to gather data from the districts and MDE is collating that to provide useful reports.

To date, 86 farms in 28 counties were utilized as a part of this pilot program. If we could grow this program, we could significantly affect agribusiness in Michigan. Since these dollars need to be matched at the local level, the \$210,000 available in state funds equates to over \$420,000 going to Michigan farmers.

Highlighted in the report are various stories around the different components of the agribusinesses gathered by Goundwork Center for Resilient Communities through conversations with participants and farmers. Also included is a dashboard on what is being purchased and why the directors are making those choices as part of this program. Schools were required to incorporate and report to MDE on what they are doing to educate children around the Michigan products they are eating from their local farms. A summary of those efforts is also included in the Legislative Report.

This is a very exciting project for them. In 2016 alone, they served over 130 million lunches. Think of the millions of meals this program could eventually affect, giving those children access to local agriculture. The state brings in over \$300 million federal dollars to cover the cost of these meals and we could significantly impact the Michigan farmer with additional work like this in the future.

In response to question from Commissioner Hanson, Ms. Golzynski advised they would love to have a project in the UP. The challenge is the initial pilot was designated for only two regions. The project team has requested additional dollars to either expand to more schools within those same districts or expand to other districts within the state. At his point, the Legislature is wanting more time with this current pilot and to see consumption data. The team has asked for a second year to allow delving into the consumption aspect a little farther. After that, they are hopeful the legislators will see the incredible impact this can have and help them move toward their goal of this program being in every school in the state that chooses to participate.

Commissioner Meachum asked how they have approached farmers to become involved. Ms. Golzynski advised that happens at the district level where they decide what products they want and either reach out to producers they know in their area or Ms. Matt's group helps them connect to those markets.

FARMER'S PERSPECTIVE ON HOOPHOUSES FOR HEALTH AND FARM TO SCHOOL:

Mark Kastner, Hillcrest Farms

Mr. Kastner advised he is a small, local grower involved in the Hoophouses for Health program. Two days ago, he delivered to a sprawling school district enough kale to support 500 people enjoying kale chips, and today he will deliver various vegetables to the farmers market. Because he grows 40 percent of his crops in controlled hoophouses, he can provide those products in all types of weather.

He started with a local elementary school, talking about the vegetables, and the children would eat samples, which has evolved into a garden club with the school. About three years ago, MIFMA explained they would give him 75 percent of the cost for hoophouse construction that could be paid back in produce, and he became involved. This let a small grower like himself in the game with the ability to get ahead a bit, and it has worked very well. He feels he can offer a fresher, nutritionally superior product that benefits the local economy.

Challenges with Hoophouses for Health include scaling up and cash flow, which with MIFMA has assisted. MIFMA also helps meet the educational needs by offering site visits and workshops. He is also involved in a farmer workshop through the MSU Organic Farmers Association that covers all aspects of growing and distributing.

Farm to School has provided a substantial, steady distribution point for his products, providing market predictability for his growing plan. Being a small grower, he can be flexible enough to provide only the amount of produce needed for each school. He is also hiring talent from those schools through Future Farmers of America organizations, which has been unbelievably rewarding.

Hoophouses for Health has helped him market to schools, a small hospital, and a couple of grocery stores. He finds himself working with trained food professionals, which has been extremely rewarding and helpful.

In response to question from Commissioner Meachum, Mr. Kastner advised he is not yet certified organic. His farm is chemical-free, with only an insecticide allowed on the farm.

They make their own compost, which is tested at MSU, they use organically accepted practices, and he is GAP (Good Agricultural Practices) certified.

2015 LOCAL DIRECT MARKETING PRACTICES SURVEY: Marlo Johnson, Director, and John Miyares, Great Lakes Region, National Agriculture Statistics Service, United States Department of Agriculture

Mr. Miyares advised one of his responsibilities over the last year was to administer the 2015 Local Food Marketing Practices Survey for the Great Lakes Region, which includes Michigan, Indiana, and Ohio, for which results were published in December.

This survey was designed as a follow-on to the 2012 Census of Agriculture when operators were asked about the total amount in sales of product for human consumption and this survey was targeted to gather more information in that regard. This is the first study of its kind providing these benchmark statistics and it will be conducted very five years in the future.

At the U.S. level, they published 393 statistical items. At the state level, unfortunately, they were only able to publish 15 key items. If they attempted to drill down further in the state data, there was a potential to reveal individual farm information.

By way of definitions, when the report refers to an operation, it is a farm (defined as having least \$1,000 in annual sales) selling food to humans to eat or drink through the various direct marketing channels. They excluded abnormal operations, such as prisons, schools, and church farms. In terms of commodities, they typically are referring to raw and value-added products.

Key findings at the U.S. level indicate over 167,000 operations with direct marketing of food products for total sales of \$8.75 billion. At the regional level, about 29,000 farms in the five-state region account for about \$1.3 billion worth of food.

Michigan is number two in the nation behind California for total sales, with \$459 million worth of direct food sales in 2015. Considering total number of operations in each state involved in direct marketing of food, California again leads the nation and Michigan is number eight, with about 5,700 operations, or 3.4 percent of the U.S. total.

The survey focused on the four marketing categories of sales direct to consumers, direct to retailers, direct to institutions, and intermediates who locally brand the products. Direct to consumer was the most popular form, accounting for 69 percent of the total number of U.S. operations. In the five-state region, 75 percent of the operations using direct marketing used direct to consumer, but total sales only accounted for 35 percent. Data at this level is not available for Michigan. The region's sales to institutions and intermediates was relatively higher than the national average. Raw commodities represented a higher percentage in sales than value-added commodities in Michigan as compared to the U.S.

Michigan is number seven in direct to consumer sales for 2015, at \$132 million. California again leads all states in that category. Relative to number of operations involved, Michigan is also number seven.

Looking at direct to retailer sales, total sales for the region were \$141 million out of a total \$2.3 billion for the U.S. There were 3,616 operations in the region, as compared to 23,624 in the U.S. About 37 percent of the operations in the five-state region are selling to restaurants and caterers and 27 percent to supermarkets and supercenters.

Direct to institution sales also include intermediate markets, those businesses or organizations in the middle of the supply chain marketing locally and/or regionally branded products. There were \$692 million in food sales in 2015 for the five-state region out of \$3.4 billion at the U.S. level. There were 8,730 number of operations involved in our region, with just under 60,000 for the U.S. as a whole.

The kinds of commodities were also captured in the survey, indicating the top four were beef products, fruits and nuts, vegetables, and poultry and poultry products. Regional and state level data is not available for this series. Having analyzed the data, he can say the top four for Michigan are the same categories, although likely not in that order.

Relative to the number of years operations have used direct marketing practices, Michigan is generally more experienced than the national average, where 30 percent have been involved from 6 to 10 years. The five-state region is definitely higher than the national average.

Demographic information was also collected, although they could not publish much at the state level. One key statistic is Michigan, at 39 percent, is slightly ahead of the national average when it comes to female operations involved with direct sales of food and food products.

Another place where Michigan tends to be the leader is in operations that accept SNAP payments. Nationally, the percentage is only eight percent, and in Michigan, it is about one in very eight operations.

The U.S. internet usage statistic indicated about 73 percent of farms using direct marketing practices had access to the internet in 2015, and about 17 percent of those operations host websites for their farms. There was no state or regional level data available for internet usage.

Data is available for various types of queries through the Census of Agriculture website at https://www.agcensus.usda.gov/Publications/Local_Food/index.php. If anyone has any specific queries, he would be more than happy to attempt to provide that information. Also, in cooperation with the University of Michigan (UM) and Ohio State University (OSU), they will conduct a specialty crop survey to include marketing practices, and will be more than happy to share those results once they are published. In response to question from Commissioner Montri, Mr. Miyares advised he anticipates it will be three to four months before results of the UM/OSU survey are ready.

In response to inquiries from Commissioner Meachum, Mr. Miyares advised results reviewed today were based on a 2015 survey. The Census of Agriculture is conducted once every five years, the last was 2012, and another is scheduled in 2017. They

essentially generated this survey based on results of the 2012 Census of Agriculture. Commissioner Meachum advised it would be nice to see a trendline on this. Mr. Miyares advised the next Local Marketing Practices Survey will be conducted in 2020 and results will be shared with the Commission when available.

LEGISLATIVE UPDATE: Matt Blakely, Director of Policy Development and Legislative Affairs

Mr. Blakely reported this has been a difficult week for the Legislature. They lost one of their members, a representative from the UP who had been a part of the Agriculture and Natural Resources Committees. Most of the sessions and committees have been cancelled to allow people to adjust.

Since the last meeting, he attended a workgroup on Urban Agriculture Senate Bills 108-109, on which Commissioner Montri had follow-up questions. The workgroup brought a different level of perspective than what the department and the Senator were generally thinking and has given him an opportunity to make some positive language changes.

A four-bill package, House Bills 4561-64, was to have been introduced in the House Agriculture Committee, but that meeting was cancelled. These involve Treasury Department issues that relate to agriculture, basically how things are taxed and tax exempt status on certain items. They have held discussions on House Bill 4562 dealing with the Agriculture Emergency Fund. If the Governor declares an agriculture emergency, such as frost on a crop harvest, there is an appropriation to provide opportunities to help pay for some of the loan fees. This is an effort to place this permanently into statute.

Other than these bills, there has not been much movement on agricultural issues. The department is currently working on several bills in the drafting stage, FSMA being one of those, and the department hopes to have that introduced soon. On its face, it may appear to be a daunting task for the Legislature, but once we have an opportunity to explain the details and they understand the commodity groups are very interested, he believes the bills can be moved and adopted very quickly.

In response to questions from Commissioner Montri, Mr. Blakely advised comments from the Urban Agriculture Workgroup are being addressed. He is working with the Senator's office through the department on possible clarifications to the bill, while not changing its intended direction. Commissioner Montri noted one point made was the bill stated the Commission would appoint an Urban Livestock Advisory Committee that would then make recommendations to the Commission. She understood there was a very strong sentiment that committee should be subject to the Open Meetings Act, which is not the case with the GAAMPs committees. Mr. Blakely noted although there are positive aspects of an open meeting format, it could also limit the scope of conversation. Although this would only parallel a GAAMP committee, at those meetings, participants are able to discuss subject matter openly without that being a public record. He understands concern and confusion over this part of the bill and the Senate would need to better understand the situation. Commissioner Montri concurred further discussion is needed in that regard. She also noted people want to be very intentional about representation from urban communities, across gender, race, and age, and she asked

how that is incorporated into a bill. Mr. Blakely advised it is a good goal and whether actually possible depends upon on those wanting to be involved. Because this is a volunteer effort, it may not meet that specific criteria. Additionally, the workgroup thought it would be a hard and fast program similar to the GAAMPs, and he believes the intention of MDARD and the Senator was to create this as a guideline program to give the locals better tools and clearer understanding of urban agriculture to inform their decisions on whether to allow an extent of urban agriculture within their community. Commissioner Montré concurred this is where some of the confusion is arising, whether they are regulatory in nature or merely guidance. Mr. Blakely advised he intends to provide clarification and alleviate that concern. The overall sentiment of wanting an open meeting format is inclusion; however, because Michigan is very diverse, people can have the most impact through input at the local level of government making those decisions. The department fully agrees with decisions being made at that local level.

DIRECTOR'S REPORT, continued

The Director noted there is one additional item she would like to share. The Alibaba Group, the largest internet company in China headed by the very prominent Jack Ma, will be in Detroit during June. They are in search of vendors to sell on their Tmall and Taobao sites in China and are particularly interested in food and agricultural products. The Detroit location for their event offers a great opportunity for Midwest operations. There is at least one Michigan company already selling on Tmall.

PUBLIC COMMENT

Don Ryker, Michigan Horse Racing Advisory Commission, advised he was recently nominated as chair of the Michigan Horse Racing Advisory Commission and is here today to introduce himself. He offered to make a presentation to the Michigan Commission of Agriculture and Rural Development in the future, and advised if they ever have questions regarding the horse racing industry, to feel free to contact him.

ADJOURN

MOTION: COMMISSIONER HANSON. MOVED TO ADJOURN THE MEETING. COMMISSIONER MEACHUM SECONDED. MOTION CARRIED.

There being no further business, the meeting adjourned at 12:10 p.m.

Attachments:

- A) *Agenda*
- B) *Agriculture and Rural Development Commission Meeting Minutes March 29, 2017*
- C) *Director Jamie Clover Adams – Issues of Interest Report*
- D) *Commission Policy Manual with Recommended Revisions*
- E) *MAEAP Standards with Proposed Revisions*
- F) *Michigan Farmers Market Industry Presentation*
- G) *Farmers Market Metrics Presentation*
- H) *Michigan Farm to School: Growing the Market Presentation*
- I) *Ten Cents a Meal for School Kids and Farms 2016-2017 Legislative Report*
- J) *Hillcrest Farms Brochure*
- K) *2015 Local Food Marketing Practices Survey*
- L) *2015 Local Food Marketing Practices Survey Executive Briefing*
- M) *Legislative Status – May 2017*